





Shelby County Government

Life and Disability Bid Analysis

November 2006



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Introduction

- On behalf of Shelby County Government, The Segal Company solicited proposals for Life, Voluntary Life, Accidental Death and Dismemberment (AD&D), Short-Term Disability (STD), and Long-Term Disability for the County's employees, dependents, and retirees.
- We requested that the bidders quote on all current plan designs
- In addition, as directed by the County after the Best and Final proposals were received, we requested variations to the LTD plan design which will be presented as part of the Finalist Interview process.
- Eight bidders responded to the Request for Proposal: (Bidders in bold provided quotes for all coverages requested in the RFP)
 - **Aetna**
 - AFLAC
 - **CIGNA**
 - ING
 - Minnesota Life
 - **Standard**
 - **UNUM Provident**
 - Unimerica – a division of United Healthcare

Introduction

- After reviewing the Preliminary Bid Analysis, the County selected Aetna, CIGNA, and Standard as finalists based on financial competitiveness and ability to administer the requested plan designs.
- Ultimately, CIGNA and Standard provided the most competitive proposals.
 - After the Best and Final process, Aetna's quote was not as financially competitive as CIGNA's or Standard's proposal.

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Plan Designs – Basic Life

➤ Current Plan Design:

- Class 1: \$19,000*
- Class 2: 2x Annual Compensation
 - Maximum benefit amount: Lesser of 2x annual compensation or \$350,000
 - Minimum benefit amount: \$2,000
- Class 3: Retirees
 - If retired before June 1977: 100% benefit as of May 1, 1977
 - If retired after June 1977: 50% benefit prior to age 65
- No eligibility waiting period
- Premium Continuation – coverage during disability (Class 1 and 2 only)
 - Employee must be totally disabled before age 60. Coverage will be provided until age 65 provided that premiums are paid. Coverage continues until employee recovers or reaches age 65.
 - For spouse and dependent children coverage will continue for 6 months if employee is totally disabled.
- Accelerated Death Benefit: 50% of life benefits inforce on the date the insured is determined by the insurance company to be terminally ill (Class 2 – subject to a maximum benefit of \$50,000)
- Conversion: Employees have 31 days after coverage ends to convert to an individual policy without proof of good health. The converted amount is the lesser of \$10,000 or the life insurance benefit inforce.

*Please note that there are currently no Class 1 employees enrolled.

Plan Designs – Voluntary AD&D

➤ Current Plan Design:

- Employees may elect benefits of \$25,000, \$50,000, \$75,000 or \$100,000 (Principal Sum) for single or family coverage
- Benefit amounts for dependents if family coverage is elected:
 - EE and Spouse only: Spouse- 50% of Principle Sum
 - EE Spouse and Children: Spouse - 40% of Principle Sum, Children 10% of Principle Sum
 - EE and Children (No spouse): Children- 15% of Principle Sum
- No eligibility waiting period
- Seatbelt: 10% of the insured's benefit amount (minimum of \$1,000; maximum of \$10,000)
- Hospital Confinement Income: 0.1% of Principal Sum (minimum of \$25; maximum of \$100) per day, payable on the 4th day for a maximum of 365 days

Plan Designs – Voluntary Employee Life

➤ Current Plan Design:

- Employees may elect the lesser of \$10,000, \$25,000, \$50,000, \$100,000, or \$150,000 or 5x salary
- Eligibility waiting period: 1st of the month following the deduction of a full month's premium
- Coverage during disability will continue up to retirement if premium is paid
- Conversion: Employees have 31 days after coverage ends to convert to an individual policy without proof of good health. The converted amount is the lesser of \$10,000 or the coverage amount inforce.
- Portable coverage is the lesser of 5x earnings or the highest amount of life insurance available for employees under the plan. Minimum amount ported is \$5,000 or if current amount inforce is less than \$5,000, the lesser amount can be ported. The amount of ported life insurance must be equal to or greater than the amount of ported AD&D.
- Suicide exclusion of 24 months

Plan Designs – Voluntary Dependent Life

➤ Current Plan Design:

- Spouse Benefit of \$5,000
- Child Benefit varies by age:
 - 14 days and under 6 months is \$500
 - 6 months and under 2 years is \$1,000
 - 2 years and under 3 years is \$2,000
 - 3 years and over is \$5,000
- Coverage will continue for six months if employee is disabled

Plan Designs – Voluntary STD

➤ Current Plan Design:

- 50% of the first \$3,000 of predisability earnings, reduced by deductible income
- \$1,500 weekly benefit maximum; \$25 weekly benefit minimum
- 0 day elimination period for accident
- 14 day elimination period for sickness
- 180 day (26 weeks) maximum benefit period
- Eligibility waiting period: 1st day following 31 days as a member



Plan Designs – LTD

➤ Current Plan Design:

- 60 % of the first \$12,500 predisability earnings reduced by deductible income
- \$7,500 monthly benefit maximum; \$100 minimum monthly benefit
- Own occupation for the first 24 months
- Any occupation from end of the own occupation period to the end of the maximum benefit period
- Maximum benefit period: covered up age 65 if disabled at age 61 or younger (or 3 years and 6 months, if longer). Benefit period varies if disabled after age 61.
- 180 day waiting period

➤ Alternative Plan Designs:

- Option 1 – Change own occupation from 24 months to 12 months
- Option 2 – Change mental health from 24 months to 12 months
- Option 3 – Change eligibility from *immediate* (1st of month after 30 days as a member) to 12 months
- Option 4 – Change benefit from 60% to 50% with a voluntary buy-up by the employee (paid by the employee)

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Financials – Executive Summary

- Overall, Standard offered the most financially competitive proposal.
 - Including employer and employee paid coverages, Standard's quote is \$33,840 lower than CIGNA's and represents a 28% increase over the current financial arrangement.
- For the employer-paid coverages (Basic Life and LTD), Standard and CIGNA both quoted a 40% increase over the current financial arrangement. (Please note that Shelby County will only be responsible for 70% of the basic life and 100% of the LTD annual premium shown on the following exhibit.)
 - For Basic Life, CIGNA quoted the lowest annual premium of \$2,355,468.
 - For LTD, Standard quoted the lowest annual premium of \$4,001,112.
 - CIGNA's quote represents a \$33,416 savings over Standard.
- For the employee-paid coverages (STD, AD&D, Voluntary Life), Standard is more financially competitive overall (\$1,009,236 annual premium for all coverages).
 - Although Aetna has the lowest overall costs they are not able to offer AD&D and supplemental life on a stand alone basis.
 - Standard's quote represents a \$68,256 savings over CIGNA.
- Standard is the only finalist that is offering a three year rate guarantee on all coverages.

Financials – Summary By Product

	Current	Best and Final		
		Aetna	CIGNA	Standard
Employer Paid Annual Premium				
Basic Life	\$2,779,452	\$3,120,996	\$2,355,468	\$2,520,348
LTD	\$1,870,080	\$4,240,308	\$4,131,576	\$4,001,112
Total	\$4,649,532	\$7,361,304	\$6,487,044	\$6,521,460
Difference from Current (%)				
Basic Life		12%	-15%	-9%
LTD		127%	121%	114%
Total		58%	40%	40%
Difference from Current (\$)				
Basic Life		\$341,544	(\$423,984)	(\$259,104)
LTD		\$2,370,228	\$2,261,496	\$2,131,032
Total		\$2,711,772	\$1,837,512	\$1,871,928
Employee Paid Annual Premium				
STD	\$640,896	\$554,508	\$566,592	\$640,896
AD&D	\$47,772	\$23,196	\$47,772	\$46,392
Voluntary Life - EE	\$444,828	\$198,156	\$383,520	\$210,228
Voluntary Life - Spouse and Dependent	\$80,904	\$61,056	\$72,120	\$107,616
Voluntary Life - Closed Retirees	\$21,492	\$4,992	\$7,488	\$4,104
Total	\$1,235,892	\$841,908	\$1,077,492	\$1,009,236
Difference from Current (%)				
STD		-13%	-12%	0%
AD&D		-51%	0%	-3%
Voluntary Life - EE		-55%	-14%	-53%
Voluntary Life - Spouse and Dependent		-25%	-11%	33%
Voluntary Life - Closed Retirees		-77%	-65%	-81%
Total		-32%	-13%	-18%
Difference from Current (\$)				
STD		(\$86,388)	(\$74,304)	\$0
AD&D		(\$24,576)	\$0	(\$1,380)
Voluntary Life - EE		(\$246,672)	(\$61,308)	(\$234,600)
Voluntary Life - Spouse and Dependent		(\$19,848)	(\$8,784)	\$26,712
Voluntary Life - Closed Retirees		(\$16,500)	(\$14,004)	(\$17,388)
Total		(\$393,984)	(\$158,400)	(\$226,656)
Grand Total	\$5,885,424	\$8,203,212	\$7,564,536	\$7,530,696
Difference from Current (%)		39%	29%	28%
Difference from Current (\$)		\$2,317,788	\$1,679,112	\$1,645,272
Underwritng Guarantees				
Right to Requote		If participation changes by +/- 15% from proposal	If the group changes demographics by 15% or more.	If the group changes demographics by 25% or more.
Minimum Participation Requirements for Voluntary Coverage		None	Assumes 20% of actives participating in all voluntary coverages.	Requires 25% minimum participation for voluntary coverages.
Rate Guarantees				
Life (Basic and Voluntary)/AD&D		3 years	3 years	3 years
STD		2 years	2 years	3 years
LTD		3 years	2 years	3 years
Rank		3	2	1

Financials – Summary By Product

Notes:

1. Aetna, CIGNA and Standard were selected as finalists by Shelby County based on financial competitiveness and ability to administer the requested plan designs.
2. CIGNA currently administers Basic Life, Voluntary Life for spouse and dependents, and AD&D; UNUM currently administers Voluntary Life Buy-up for employees and Closed Retirees; Standard currently administers STD and LTD.
3. Illustration above assumes Shelby County pays 100% of cost for basic life insurance.
4. All rates assume an effective date of January 1, 2007.
5. DTQ - Declined to Quote
6. CIGNA's rates assume they will be awarded the Voluntary Life business. Rates on a stand alone basis, if not awarded Voluntary Life are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
7. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
8. Standard's Basic Life and Disability coverages are available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
9. The calculations above are based on the following as of 8/1/06:

	<u>Volume</u>	<u>Lives</u>
Basic Life (Class 2 and 3)	\$490,723,000	7,879
Voluntary Life - EE:	\$105,698,000	1,455
Voluntary Life - Spouse and Dependent:	N/A	3,180
Voluntary Life - Closed Retirees:	\$1,486,500	36
AD&D:	\$72,100,000	853
STD:	\$774,027	2,276
LTD:	\$18,120,952	6,205

Financials – Basic Life (Combined Rates)

	Current	Proposed					
	CIGNA	Aetna		CIGNA		Standard	
		Initial	B&F	Initial	B&F	Initial	B&F
Basic Life							
Rate per \$1,000 - Combined	\$0.472	\$0.530	\$0.530	\$0.420	\$0.400	\$0.450	\$0.428
Monthly Premium	\$231,621	\$260,083	\$260,083	\$206,103	\$196,289	\$220,825	\$210,029
Annual Premium	\$2,779,452	\$3,120,996	\$3,120,996	\$2,473,236	\$2,355,468	\$2,649,900	\$2,520,348
% change from current		12%	12%	-11%	-15%	-5%	-9%
\$ change from current		\$341,544	\$341,544	(\$306,216)	(\$423,984)	(\$129,552)	(\$259,104)
% Difference from Initial			0%		-5%		-5%
\$ Difference from Initial			\$0		(\$117,768)		(\$129,552)
Rate Guarantee: (Years)		3		3		3	

Notes:

1. All rates assume no lives in Class 1, 6,205 lives in Class 2 (Actives), and 1,674 lives in Class 3 (Retirees).
2. All rates assume no volume in Class 1, \$433,993,000 in Class 2 (Active), and \$56,729,000 in Class 3 (Retirees).
3. Bidders quoted on combined rates for Class 2 & 3. Current CIGNA rates are blended for Class 2 & 3.
4. CIGNA's rates assume they will be awarded the Voluntary Life business. Rates on a stand alone basis, if not awarded Voluntary Life are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
5. Aetna did not reduce their rates during the Best and Final process.
6. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
7. Standard's Basic Life coverage is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
8. B&F - Best and Final

Financials – Basic Life (Separate Rates)

	Current	Proposed		
	CIGNA	Aetna	CIGNA	Standard
Basic Life				
Rate per \$1,000 - Class 2	\$0.472	\$0.210	\$0.205	\$0.246
Rate per \$1,000 - Class 3	\$0.472	\$2.980	\$1.900	\$1.820
Monthly Premium	\$231,621	\$260,191	\$196,754	\$210,010
Annual Premium	\$2,779,452	\$3,122,292	\$2,361,048	\$2,520,120
% change from current		12%	-15%	-9%
\$ change from current		\$342,840	(\$418,404)	(\$259,332)
Rate Guarantee: (Years)		3	3	3

Notes:

1. All rates assume no lives in Class 1, 6,205 lives in Class 2 (Actives), and 1,674 lives in Class 3 (Retirees).
2. All rates assume no volume in Class 1, \$433,993,000 in Class 2 (Active), and \$56,729,000 in Class 3 (Retirees).
3. Bidders quoted on separate rates for actives and retirees. Current CIGNA rates are blended for actives and retirees.
4. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
5. CIGNA's rates assume they will get the Voluntary Life business. Rates on a stand alone basis are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees.
6. Standard's Basic Life coverage is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.

Financials – Voluntary AD&D

	Current	Proposed		
	CIGNA	Aetna	CIGNA	Standard
Voluntary AD&D				
Single Rate per \$1,000	\$0.05	\$0.02	\$0.05	\$0.04
Single Rate PEPM - \$25,000	\$1.13	\$0.50	\$1.13	\$1.00
Single Rate PEPM - \$50,000	\$2.25	\$1.00	\$2.25	\$2.00
Single Rate PEPM - \$75,000	\$3.38	\$1.50	\$3.38	\$3.00
Single Rate PEPM - \$100,000	\$4.50	\$2.00	\$4.50	\$4.00
Family Rate per \$1,000	\$0.06	\$0.03	\$0.06	\$0.06
Family Rate PEPM - \$25,000	\$1.50	\$0.75	\$1.50	\$1.50
Family Rate PEPM - \$50,000	\$3.00	\$1.50	\$3.00	\$3.00
Family Rate PEPM - \$75,000	\$4.50	\$2.25	\$4.50	\$4.50
Family Rate PEPM - \$100,000	\$6.00	\$3.00	\$6.00	\$6.00
Monthly Premium	\$3,981	\$1,933	\$3,981	\$3,866
Annual Premium	\$47,772	\$23,196	\$47,772	\$46,392
% change from current		-51%	0%	-3%
\$ change from current		(\$24,576)	\$0	(\$1,380)
Minimum Participation Requirement		None	20%	None
Rate Guarantee: (Years)		3	3	3

Notes:

1. Rates in italics were not submitted by the bidders and have been converted to be expressed as indicated.
2. As per rate sheet provided to Segal, the rate for \$75,000 family and \$100,000 single coverage was the same (\$2.06). Segal assumed all employees electing \$100,000 family coverage and none electing \$75,000 family coverage, therefore, volume for \$75,000 maybe understated and volume for \$100,000 maybe overstated.
3. DTQ - Declined to Quote
4. The Standard did not factor the inforce lives and volumes as their product is in a trust and feel their pricing is stable.

5. The calculations above are based on the following as of 8/1/06:

	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$75,000</u>	<u>\$100,000</u>	<u>Total</u>
Lives—Single:	42	113	11	155	321
Lives—Family:	35	30	0	467	532
Volume:	\$1,925,000	\$7,150,000	\$825,000	\$62,200,000	\$72,100,000

6. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
7. CIGNA's rates assume they will be awarded the Voluntary Life business. Basic Life rates on a stand alone basis, if not awarded Voluntary Life, are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
8. Standard's Basic Life coverage is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
9. Aetna did not reduce their rates during the Best and Final process.
10. CIGNA did not reduce their rates during the Best and Final process.
11. Standard did not reduce their rates during the Best and Final process.

Financials – Voluntary Employee Life

	Current	Proposed			
	UNUM Provident	Aetna	CIGNA		Standard
			Initial	B&F	
Voluntary Life - Employee Buy-up					
Age Banded Rates per \$1,000					
Under 29	\$0.08	\$0.05	\$0.10	\$0.09	\$0.05
30–34	\$0.10	\$0.05	\$0.12	\$0.10	\$0.06
35–39	\$0.13	\$0.07	\$0.14	\$0.12	\$0.07
40–44	\$0.20	\$0.10	\$0.19	\$0.16	\$0.10
45–49	\$0.31	\$0.15	\$0.31	\$0.26	\$0.15
50–54	\$0.51	\$0.23	\$0.50	\$0.43	\$0.23
55–59	\$0.81	\$0.37	\$0.86	\$0.73	\$0.36
60–64	\$1.28	\$0.33	\$1.28	\$1.09	\$0.56
65–69	\$2.18	\$0.82	\$2.18	\$1.85	\$1.10
70–74	\$4.14	\$1.00	\$3.39	\$2.88	\$1.88
75–79	\$4.14	\$1.53	\$5.14	\$4.37	\$2.06
80–89	\$4.14	\$2.06	\$5.14	\$4.37	\$2.06
90+	\$4.14	\$2.06	\$5.14	\$4.37	\$2.06
Monthly Premium	\$36,162	\$16,190	\$36,710	\$31,206	\$17,068
Monthly Premium for employees with non-standard benefit election	\$907	\$323	\$888	\$754	\$451
Total Monthly Premium	\$37,069	\$16,513	\$37,598	\$31,960	\$17,519
Annual Premium	\$444,828	\$198,156	\$451,176	\$383,520	\$210,228
% change from current		-55%	1%	-14%	-53%
\$ change from current		(\$246,672)	\$6,348	(\$61,308)	(\$234,600)
% Difference from Initial				-15%	
\$ Difference from Initial				(\$67,656)	
Minimum Participation Requirement		None	20%		25%
Rate Guarantee: (Years)		3	3		3

Notes:

1. Current UNUM premium excludes 32 employees due to insufficient data. Total lives is based on 1,455 employees. Volume is \$105,698,000.
2. Monthly premium for 20 employees with non-standard benefit elections are shown separately.
3. For benefit maximum all bidders proposed the same amount as the covered benefit elected.
4. Standard notes that the minimum participation requirement is for all options combined.
5. CIGNA's initial eligibility the guarantee issue is 5 x Basic Annual Earnings to \$150,000.
6. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
7. CIGNA's rates assume they will be awarded the Voluntary Life business. Basic Life rates on a stand alone basis, if not awarded Voluntary Life, are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
8. Standard's Basic Life is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
9. Aetna did not reduce their rates during the Best and Final process.
10. Standard did not reduce their rates during the Best and Final process.

Financials – Voluntary Dependent Life

	Current	Proposed			
	CIGNA	Aetna	CIGNA	Standard	
				Initial	B&F
Voluntary Life –Spouse and Dependent Children					
Rate per unit per month	\$2.12	\$1.60	\$1.89	\$2.97	\$2.82
Monthly Premium	\$6,742	\$5,088	\$6,010	\$9,445	\$8,968
Annual Premium	\$80,904	\$61,056	\$72,120	\$113,340	\$107,616
% change from current		-25%	-11%	40%	33%
\$ change from current		(\$19,848)	(\$8,784)	\$32,436	\$26,712
% Difference from Initial					-5%
\$ Difference from Initial					(\$5,724)
Minimum Participation Requirement		None	20%	25%	
Rate Guarantee; (Years)		3	3	3	

Notes:

1. Premium is based on 3,180 lives as of April 2006.
2. Standard deviates from the inforce plan in that all child benefits are \$5,000 and do not vary by age.
3. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
4. CIGNA's rates assume they will be awarded the Voluntary Life business. Basic Life rates on a stand alone basis, if not awarded Voluntary Life, are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
5. Standard's Basic Life is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
6. Aetna did not reduce their rates during the Best and Final process.
7. CIGNA did not reduce their rates during the Best and Final process.

Financials – Voluntary Life Retiree Closed Group

	Current	Proposed			
	UNUM Provident	Aetna		CIGNA	Standard
		Initial	B&F		
Voluntary Life - Closed Retiree Group					
Rate per \$1,000	\$1.20	\$1.65	\$0.28	\$0.42	\$0.23
Monthly Premium	\$1,791	\$2,453	\$416	\$624	\$342
Annual Premium	\$21,492	\$29,436	\$4,992	\$7,488	\$4,104
% change from current		37%	-77%	-65%	-81%
\$ change from current		\$7,944	(\$16,500)	(\$14,004)	(\$17,388)
% Difference from Initial			-83%		
\$ Difference from Initial			(\$24,444)		
Rate Guarantee: (Years)		3		3	3

Notes:

1. All premiums are based on \$1,486,500 volume and 36 lives for the closed retiree group.
2. Current UNUM Provident rate is based on composite cost of all current retirees.
3. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
4. Standard's Basic Life is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
5. CIGNA did not reduce their rates during the Best and Final process.
6. Standard did not reduce their rates during the Best and Final process.

Financials – STD

	Current	Proposed			
	Standard	Aetna		CIGNA	Standard
		Initial	B&F		
STD					
Rate per \$10	\$0.690	\$0.660	\$0.597	\$0.610	\$0.690
Monthly Premium	\$53,408	\$51,086	\$46,209	\$47,216	\$53,408
Annual Premium	\$640,896	\$613,032	\$554,508	\$566,592	\$640,896
% change from current		-4%	-13%	-12%	0%
\$ change from current		(\$27,864)	(\$86,388)	(\$74,304)	\$0
% Difference from Initial			-10%		
\$ Difference from Initial			(\$58,524)		
Rate Guarantee: (Years)		2		2	3

Notes:



1. All premiums are based on \$774,027 volume and 2,276 lives.
2. Aetna assumes that late entrants will have to wait 60 days for illness for first 12 months.
3. Employees currently on STD with Standard will remain with Standard if a different vendor is selected.
4. Standard's Disability coverage is available on a stand alone basis.
5. CIGNA did not reduce their rates during the Best and Final process.
6. Standard did not reduce their rates during the Best and Final process.

Financials – LTD

	Current	Proposed					
	Standard	Aetna		CIGNA		Standard	
		Initial	B&F	Initial	B&F	Initial	B&F
LTD							
Rate per \$100	\$0.86	\$2.21	\$1.95	\$1.94	\$1.90	\$1.94	\$1.84
Monthly Premium	\$155,840	\$400,473	\$353,359	\$351,546	\$344,298	\$351,546	\$333,426
Annual Premium	\$1,870,080	\$4,805,676	\$4,240,308	\$4,218,552	\$4,131,576	\$4,218,552	\$4,001,112
% change from current		157%	127%	126%	121%	126%	114%
\$ change from current		\$2,935,596	\$2,370,228	\$2,348,472	\$2,261,496	\$2,348,472	\$2,131,032
% Difference from Initial			-12%		-2%		-5%
\$ Difference from Initial			(\$565,368)		(\$86,976)		(\$217,440)
Rate Guarantee: (Years)		3		2		3	

Notes:

1. All premiums are based on \$18,120,952 volume and 6,205 lives.
2. Standard provided a 1 year rate guarantee rate of \$1.75.
3. Standard's Disability coverage is available on a stand alone basis.

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Bidder Highlights – CIGNA

- Will match the current plan design with no deviations
- Performance Guarantees
 - Willing to offer Performance Guarantees up to 2% of premium
 - The County can decide the amount per area
 - Will be willing to discuss further during Interview process
- Other
 - No life conversion charge for life and AD&D

Bidder Highlights – Standard

- Will match the current plan design with the following deviations:
 - As a work incentive, Standard provides 100% of indexed predisability earnings for up to 12 months.
 - For AD&D, there are no guaranteed issue amounts only maximum benefits.
 - Reductions to the design:
 - For AD&D, the hospital confinement income is not available in this product.
 - For AD&D, Standard has additional exclusions than those currently under CIGNA.
 - For Voluntary AD&D, does not include the loss of an arm or leg.
 - For Voluntary AD&D, does not include an education benefit for the spouse.
 - Enhancements to the design:
 - **For basic life, Standard is willing to remove the continuation of premium provision and include waiver of premium with eligibility to age 60 and duration to age 65.**
 - For Voluntary life, Standard is willing to provide additional choices in \$50,000 increments to a maximum benefit of \$350,000 for active employees only.
 - For Voluntary spouse and child, Standard deviates from the inforce plan in that all child benefits are \$5,000 and do not vary by age.
 - For Voluntary AD&D, Standard's reduction formula is more generous than the current inforce plan.
 - For Voluntary AD&D, the seatbelt and education benefit are more generous than the current inforce plan. The education benefit for the child is greater than the inforce plan.

Bidder Highlights – Standard

➤ Performance Guarantees

- Willing to offer guarantees up to 5% of previous quarter's expenses
- The County can decide the amount per area
- Will be willing to discuss further during Interview process

➤ Included several plan design alternatives for LTD to help lower overall costs



- A 3% savings to move to a 12 month own occupation definition of disability for all employees
- A 10% savings to move all 24 month limitations to 12 months
- A 30% savings to move from a 60% to 50% benefit
- 5% savings to integrate sick leave (Standard is willing to review actual accumulated sick leave data and if the actual value is greater than 5%, they will honor that. However, if it is less than 5%, they will not change their offer.)

➤ Other

- A life conversion charge will appear as part of their incurred claims.
 - Under age 35, a charge of \$25/\$1,000
 - Age 35-44, a charge of \$50/\$1,000
 - Age 45-54, a charge of \$120/\$1,000
 - Age 55-64, a charge of \$225/\$1,000
 - Age 62 and older, a charge of \$410/\$1,000

Next Steps

- Finalist interviews
- Award contract
- Begin Implementation
 - The winner of the contract will require a list of employees on continuation of premium for life insurance from Shelby County, listing face amount of insurance, date of birth, date and cause of disability.

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- ① Introduction
 - ② Plan Designs
 - ③ Financials
 - ④ Bidder Highlights
 - ⑤ Appendix

⑤ Appendix

Financials

Financial Strength Ratings

Rating Categories Explained

Appendix – Financials – Summary by Product

	Current	Proposed							
		AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
Employer Paid Annual Premium									
Basic Life	\$2,779,452	DTQ	\$3,120,996	\$2,473,236	\$3,515,376	\$3,533,196	\$2,649,900	\$3,516,984	\$3,268,224
LTD	\$1,870,080		\$4,805,676	\$4,218,552	DTQ	DTQ	\$4,218,552	\$4,914,408	DTQ
Total	\$4,649,532		\$7,926,672	\$6,691,788			\$6,868,452	\$8,431,392	
Difference from Current (%)									
Basic Life			12%	-11%	26%	27%	-5%	27%	18%
LTD			157%	126%			126%	163%	
Total			70%	44%			48%	81%	
Difference from Current (\$)									
Basic Life			\$341,544	(\$306,216)	\$735,924	\$753,744	(\$129,552)	\$737,532	\$488,772
LTD			\$2,935,596	\$2,348,472			\$2,348,472	\$3,044,328	
Total			\$3,277,140	\$2,042,256			\$2,218,920	\$3,781,860	
Employee Paid Annual Premium									
STD	\$640,896	DTQ	\$613,032	\$566,592	DTQ	DTQ	\$640,896	\$696,624	DTQ
AD&D	\$47,772		\$23,196	\$47,772	\$30,156	\$28,704	\$46,392	\$107,316	\$23,196
Voluntary Life - EE	\$444,828		\$198,156	\$451,176	\$296,772	\$249,828	\$210,228	\$444,828	\$304,320
Voluntary Life - Spouse and Dependent	\$80,904		\$61,056	\$72,120	\$80,136	\$70,596	\$113,340	\$150,348	\$66,780
Voluntary Life - Closed Retirees	\$21,492		\$29,436	\$7,488	\$47,628	\$11,076	\$4,104	\$19,980	\$14,376
Total	\$1,235,892		\$924,876	\$1,145,148			\$1,014,960	\$1,419,096	
Difference from Current (%)									
STD			-4%	-12%			0%	9%	
AD&D			-51%	0%	-37%	-40%	-3%	125%	-51%
Voluntary Life - EE			-55%	1%	-33%	-44%	-53%	0%	-32%
Voluntary Life - Spouse and Dependent			-25%	-11%	-1%		40%	86%	-17%
Voluntary Life - Closed Retirees			37%	-65%	122%	-48%	-81%	-7%	-33%
Total			-25%	-7%			-18%	15%	
Difference from Current (\$)									
STD			(\$27,864)	(\$74,304)			\$0	\$55,728	
AD&D			(\$24,576)	\$0	(\$17,616)	(\$19,068)	(\$1,380)	\$59,544	(\$24,576)
Voluntary Life - EE			(\$246,672)	\$6,348	(\$148,056)	(\$195,000)	(\$234,600)	\$0	(\$140,508)
Voluntary Life - Spouse and Dependent			(\$19,848)	(\$8,784)	(\$768)		\$32,436	\$69,444	(\$14,124)
Voluntary Life - Closed Retirees			\$7,944	(\$14,004)	\$26,136	(\$10,416)	(\$17,388)	(\$1,512)	(\$7,116)
Total			(\$311,016)	(\$90,744)	(\$1,235,892)	(\$1,235,892)	(\$220,932)	\$183,204	(\$1,235,892)
Grand Total	\$5,885,424		\$8,851,548	\$7,836,936			\$7,883,412	\$9,850,488	
Difference from Current (%)			50%	33%			34%	67%	
Difference from Current (\$)			\$2,966,124	\$1,951,512			\$1,997,988	\$3,965,064	

Appendix – Financials – Summary by Product

Notes:

1. CIGNA currently administers Basic Life, Voluntary Life for spouse and dependents, and AD&D; UNUM Provident currently administers Voluntary Life Buy-up for employees and Closed Retirees; Standard currently administers STD and LTD.
2. Illustration above assumes Shelby County pays 100% of cost for basic life insurance.
3. All rates assume an effective date of January 1, 2007.
4. DTQ - Declined to Quote
5. All bidders provided a 3 year rate guarantees for life except for UNUM Provident with 2 years. All bidders provided a 3 year rate guarantee for AD&D and voluntary life buy-up for employees. All bidders provided a 3 year rate guarantee for voluntary life for spouse and dependent except for AFLAC with 10 years and UNUM Provident with 2 years. All bidders provided a 2 year rate guarantee for STD, except for Standard with 3 years. All bidders provided a 3 year rate guarantee for LTD, except for CIGNA with 2 years.
6. AFLAC did not submit a quote for STD and Voluntary Life in the manner we asked for in the RFP and as a result their response is excluded from the analysis.
7. Totals are not shown for bidders that did not quote on all products.
8. The calculations above are based on the following as of 8/1/06:

	<u>Volume</u>	<u>Lives</u>
Basic Life (Class 2 and 3)	\$490,723,000	7,879
Voluntary Life - EE:	\$105,698,000	1,455
Voluntary Life - Spouse and Dependent:	N/A	3,180
Voluntary Life - Closed Retirees:	\$1,486,500	36
AD&D:	\$72,100,000	853
STD:	\$774,027	2,276
LTD:	\$18,120,952	6,205

Appendix – Financials – Basic Life

	Current	Proposed							
	CIGNA	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
Basic Life									
Rate per \$1,000 - Class 2	\$0.472	DTQ	\$0.530	\$0.420	\$0.326	\$0.600	\$0.450	\$0.325	\$0.555
Rate per \$1,000 - Class 3	\$0.472		\$0.530	\$0.420	\$2.670	\$0.600	\$0.450	\$2.680	\$0.555
Monthly Premium	\$231,621		\$260,083	\$206,103	\$292,948	\$294,433	\$220,825	\$293,082	\$272,352
Annual Premium	\$2,779,452		\$3,120,996	\$2,473,236	\$3,515,376	\$3,533,196	\$2,649,900	\$3,516,984	\$3,268,224
% change from current			12%	-11%	26%	27%	-5%	27%	18%
\$ change from current			\$341,544	(\$306,216)	\$735,924	\$753,744	(\$129,552)	\$737,532	\$488,772
Rate Guarantee: (Years)			3	3	3	3	3	2	3

Notes:

1. All rates assume no lives in Class 1, 6,205 lives in Class 2 (Actives), and 1,674 lives in Class 3 (Retirees).
2. All rates assume no volume in Class 1, \$433,993,000 in Class 2 (Active), and \$56,729,000 in Class 3 (Retirees).
3. Current CIGNA rates are blended for Class 2 & 3. Aetna, CIGNA, Minnesota Life, and UNUM Provident quoted on combined rates for Class 2 & 3.
4. UNUM Provident's rates quoted are contingent upon receipt and analysis of current rates, rate history and paid premium associated with the claims data received as well as inception date with CIGNA.
5. CIGNA's rates assume they will be awarded the Voluntary Life business. Rates on a stand alone basis, if not awarded Voluntary Life are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
6. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
7. Standard's Basic Life coverage is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
8. DTQ - Declined to Quote

Appendix – Financials – Voluntary AD&D

	Current	Proposed							
	CIGNA	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
Voluntary AD&D									
Single Rate per \$1,000	\$0.05	DTQ	\$0.02	\$0.05	\$0.03	\$0.03	\$0.04	\$0.09	\$0.02
Single Rate PEPM - \$25,000	\$1.13		\$0.50	\$1.13	\$0.65	\$0.63	\$1.00	\$2.25	\$0.50
Single Rate PEPM - \$50,000	\$2.25		\$1.00	\$2.25	\$1.30	\$1.25	\$2.00	\$4.50	\$1.00
Single Rate PEPM - \$75,000	\$3.38		\$1.50	\$3.38	\$1.95	\$1.88	\$3.00	\$6.75	\$1.50
Single Rate PEPM - \$100,000	\$4.50		\$2.00	\$4.50	\$2.60	\$2.50	\$4.00	\$9.00	\$2.00
Family Rate per \$1,000	\$0.06		\$0.03	\$0.06	\$0.04	\$0.04	\$0.06	\$0.14	\$0.03
Family Rate PEPM - \$25,000	\$1.50		\$0.75	\$1.50	\$0.98	\$0.93	\$1.50	\$3.50	\$0.75
Family Rate PEPM - \$50,000	\$3.00		\$1.50	\$3.00	\$1.95	\$1.85	\$3.00	\$7.00	\$1.50
Family Rate PEPM - \$75,000	\$4.50		\$2.25	\$4.50	\$2.93	\$2.78	\$4.50	\$10.50	\$2.25
Family Rate PEPM - \$100,000	\$6.00		\$3.00	\$6.00	\$3.90	\$3.70	\$6.00	\$14.00	\$3.00
Monthly Premium	\$3,981		\$1,933	\$3,981	\$2,513	\$2,392	\$3,866	\$8,943	\$1,933
Annual Premium	\$47,772		\$23,196	\$47,772	\$30,156	\$28,704	\$46,392	\$107,316	\$23,196
% change from current			-51%	0%	-37%	-40%	-3%	125%	-51%
\$ change from current			(\$24,576)	\$0	(\$17,616)	(\$19,068)	(\$1,380)	\$59,544	(\$24,576)
Minimum Participation Requirement			None	20%	20%	None	None	Only minimum premium of \$100.00 per month	20%
Rate Guarantee: (Years)			3	3	3	3	3	3	3

Notes:

1. Rates in italics were not submitted by the bidders and have been converted to be expressed as indicated.
2. As per rate sheet provided to Segal, the rate for \$75,000 family and \$100,000 single coverage was the same (\$2.06). Segal assumed all employees electing \$100,000 family coverage and none electing \$75,000 family coverage, therefore, volume for \$75,000 maybe understated and volume for \$100,000 maybe overstated.
3. DTQ - Declined to Quote
4. The Standard did not factor the inforce lives and volumes as their product is in a trust and feel their pricing is stable.
5. CIGNA's rates assume they will be awarded the Voluntary Life business. Basic Life rates on a stand alone basis, if not awarded Voluntary Life, are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
6. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
7. Standard's Basic Life coverage is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
8. The calculations above are based on the following as of 8/1/06:

	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$75,000</u>	<u>\$100,000</u>	<u>Total</u>
Lives—Single:	42	113	11	155	321
Lives—Family:	35	30	0	467	532
Volume:	\$1,925,000	\$7,150,000	\$825,000	\$62,200,000	\$72,100,000

Appendix – Financials – Voluntary Employee Life

	Current	Proposed							
	UNUM Provident	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
Voluntary Life Rate per \$1,000 - Employee Buy-up									
Under 29	\$0.08	See detail below	\$0.05	\$0.10	\$0.08	\$0.06	\$0.05	\$0.08	\$0.08
30–34	\$0.10		\$0.05	\$0.12	\$0.10	\$0.09	\$0.06	\$0.10	\$0.08
35–39	\$0.13		\$0.07	\$0.14	\$0.12	\$0.10	\$0.07	\$0.13	\$0.11
40–44	\$0.20		\$0.10	\$0.19	\$0.13	\$0.11	\$0.10	\$0.20	\$0.12
45–49	\$0.31		\$0.15	\$0.31	\$0.19	\$0.16	\$0.15	\$0.31	\$0.21
50–54	\$0.51		\$0.23	\$0.50	\$0.29	\$0.24	\$0.23	\$0.51	\$0.31
55–59	\$0.81		\$0.37	\$0.86	\$0.55	\$0.46	\$0.36	\$0.81	\$0.61
60–64	\$1.28		\$0.33	\$1.28	\$0.84	\$0.70	\$0.56	\$1.28	\$0.85
65–69	\$2.18		\$0.82	\$2.18	\$1.62	\$1.35	\$1.10	\$2.18	\$1.42
70–74	\$4.14		\$1.00	\$3.39	\$2.62	\$2.19	\$1.88	\$4.14	\$2.70
75–79	\$4.14		\$1.53	\$5.14	\$4.58	\$4.21	\$2.06	\$4.14	\$5.09
80–89	\$4.14		\$2.06	\$5.14	\$9.00	\$9.38	\$2.06	\$4.14	\$5.09
90+	\$4.14		\$2.06	\$5.14	\$14.48	\$18.08	\$2.06	\$4.14	\$5.09
Monthly Premium	\$36,162		\$16,190	\$36,710	\$24,064	\$20,261	\$17,068	\$36,162	\$24,757
Monthly Premium for employees with non-standard benefit election	\$907		\$323	\$888	\$667	\$558	\$451	\$907	\$603
Total Monthly Premium	\$37,069		\$16,513	\$37,598	\$24,731	\$20,819	\$17,519	\$37,069	\$25,360
Annual Premium	\$444,828		\$198,156	\$451,176	\$296,772	\$249,828	\$210,228	\$444,828	\$304,320
% change from current			-55%	1%	-33%	-44%	-53%	0%	-32%
\$ change from current			(\$246,672)	\$6,348	(\$148,056)	(\$195,000)	(\$234,600)	\$0	(\$140,508)
Minimum Participation Requirement			None	20%	20%	None	25%	15%	20%
Rate Guarantee: (Years)			3	3	3	3	3	3	3

Notes:

1. Current UNUM Provident premium excludes 32 employees due to insufficient data. Total lives is based on 1,455 employees. Volume is \$105,698,000.
2. Monthly premium for 20 employees with non-standard benefit elections are shown separately.
3. AFLAC states that a variety of factors (e.g. type of coverage, age, tobacco usage, gender) affect the premiums for the Life Protector plan. As such, Aflac is unable to complete the above chart in the manner we asked for in the RFP and as a result their response is excluded from the analysis.
4. For benefit maximum all bidders proposed the same amount as the covered benefit elected, except for ING and Unimerica at \$150,000. UNUM Provident proposed the same amount as the covered benefit elected, except the benefit maximum for \$50,000 election is \$100,000 and a \$100,000 election is \$125,000.
5. Minnesota Life notes that the guaranteed issue offer applies to newly eligible insureds only (if applied for within the 31-day eligibility period) and assumes they have not been previously declined for coverage.
6. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
7. Standard notes that the minimum participation requirement is for all options combined.
8. CIGNA's initial eligibility the guarantee issue is 5 x Basic Annual Earnings to \$150,000.
9. CIGNA's rates assume they will be awarded the Voluntary Life business. Basic Life rates on a stand alone basis, if not awarded Voluntary Life, are \$0.21 per \$1,000 for actives, \$1.90 per \$1,000 for retirees, or \$0.405 per \$1,000 if actives and retirees are combined.
10. Standard's Basic Life is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.

Appendix – Financials – Voluntary Dependent Life

	Current	Proposed							
	CIGNA	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
Voluntary Life –Spouse and Dependent Children									
Rate per unit per month	\$2.12	See detail below	\$1.60	\$1.89	\$2.10	\$1.85	\$2.97	\$3.94	\$1.75
Monthly Premium	\$6,742		\$5,088	\$6,010	\$6,678	\$5,883	\$9,445	\$12,529	\$5,565
Annual Premium	\$80,904		\$61,056	\$72,120	\$80,136	\$70,596	\$113,340	\$150,348	\$66,780
% change from current			-25%	-11%	-1%	-13%	40%	86%	-17%
\$ change from current			(\$19,848)	(\$8,784)	(\$768)	(\$10,308)	\$32,436	\$69,444	(\$14,124)
Minimum Participation Requirement			None	20%	20%	None	25%	None	20%
Rate Guarantee: (Years)			3	3	3	3	3	2	3

Notes:

1. Premium is based on 3,180 lives as of April 2006.
2. AFLAC states that a variety of factors (age, tobacco usage, gender) affect the Spouse Term Rider. In addition, the employee must elect coverage under Aflac's Life Protector to apply for the Spouse and Child Life Riders. Rates for the Spouse Term Rider are guaranteed for the 10-year term. Rates for the Child Rider are guaranteed for the term period which is the rider anniversary date after the child's 25th birthday.
3. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
4. Standard's Basic Life is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.
5. Standard deviates from the inforce plan in that all child benefits are \$5,000 and do not vary by age.
6. UNUM Provident notes there is no minimum participation requirement for dependent coverage.

Appendix – Financials – Voluntary Life Retiree Closed Group

	Current	Proposed							
	UNUM Provident	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
Voluntary Life - Closed Retiree Group									
Rate per \$1,000	\$1.20	See detail below	\$1.65	\$0.42	\$2.67		\$0.23		\$0.81
Age Banded Rates									
35-39						\$0.10		\$0.13	
45-49						\$0.16		\$0.31	
50-54						\$0.24		\$0.51	
55-59						\$0.46		\$0.81	
60-64						\$0.70		\$1.28	
65-69						\$1.35		\$2.18	
70-74						\$2.19		\$4.14	
75-79						\$4.21		\$4.14	
Monthly Premium	\$1,791		\$2,453	\$624	\$3,969	\$923	\$342	\$1,665	\$1,198
Annual Premium	\$21,492		\$29,436	\$7,488	\$47,628	\$11,076	\$4,104	\$19,980	\$14,376
% change from current			37%	-65%	122%	-48%	-81%	-7%	-33%
\$ change from current			\$7,944	(\$14,004)	\$26,136	(\$10,416)	(\$17,388)	(\$1,512)	(\$7,116)
Rate Guarantee: (Years)			3	3	3	3	3	3	3

Notes:

1. All premiums are based on \$1,486,500 volume and 36 lives.
2. Current UNUM Provident rate is based on composite cost of all current retirees.
3. AFLAC did not submit a quote in the manner we asked for in the RFP and as a result their response is excluded from the analysis.
4. Aetna, CIGNA, ING, Standard, and Unimerica quoted a flat rate per \$1,000 basis, while Minnesota Life and Unum Provident quoted age banded rates equal to their proposed active voluntary life rates.
5. Aetna quoted that all coverages except AD&D and supplemental life are quoted on a stand alone basis.
6. Standard's Basic Life is available on a stand alone basis. Standard will only offer Voluntary Life if selected to administer Basic Life.

Appendix – Financials – STD

	Current	Proposed							
	Standard	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
STD									
Rate per \$10	\$0.69	See detail below	\$0.66	\$0.61	DTQ	DTQ	\$0.69	\$0.75	DTQ
Monthly Premium	\$53,408		\$51,086	\$47,216			\$53,408	\$58,052	
Annual Premium	\$640,896		\$613,032	\$566,592			\$640,896	\$696,624	
% change from current			-4%	-12%			0%	9%	
\$ change from current			(\$27,864)	(\$74,304)			\$0	\$55,728	
Rate Guarantee: (Years)			2	2			3	2	

Notes:

1. All premiums are based on \$774,027 volume and 2,276 lives.
2. Aetna's quote includes a 60 day illness elimination period for late entrants for the first 12 months of coverage.
3. AFLAC's quote did not match the current design and was not in the manner asked in the RFP. AFLAC proposed monthly premium rates of \$14.50 for ages 18-49 and \$19.50 for ages 50-64 based on 0/14 (accident/sickness), 6 month benefit period, industry class "B", 5 units (\$500 minimum) . Predisability earnings (50% of the first \$3,000) are not applicable to our plan. Aflac's plan offers monthly benefits from \$500 to \$5,000, subject to income requirements and benefit period restrictions.
4. All bidders agreed that their benefits based on 50% of weekly earnings, up to a weekly maximum of \$1,500, except for AFLAC.
5. All of the bidders quote assumes no more than 50% of earnings will be payable from all sources, except for AFLAC.
6. Standard's Disability coverage is available on a stand alone basis.
7. UNUM Provident prefers to provide age banded rates per \$10 volume for voluntary plans. The quoted rate is contingent upon receipt and analysis of the current rate structure, current rates, rate history and paid premium to coincide with the paid claims information provided.
8. DTQ - Declined to Quote

Appendix – Financials – LTD

	Current	Proposed							
	Standard	AFLAC	Aetna	CIGNA	ING	Minnesota Life	Standard	UNUM Provident	Unimerica
LTD									
Rate per \$100	\$0.86	DTQ	\$2.21	\$1.94	DTQ	DTQ	\$1.94	\$2.26	DTQ
Monthly Premium	\$155,840		\$400,473	\$351,546			\$351,546	\$409,534	
Annual Premium	\$1,870,080		\$4,805,676	\$4,218,552			\$4,218,552	\$4,914,408	
% change from current			157%	126%			126%	163%	
\$ change from current			\$2,935,596	\$2,348,472			\$2,348,472	\$3,044,328	
Rate Guarantee: (Years)			3	2			3	3	

Notes:

1. All premiums are based on \$18,120,952 volume and 6,205 lives.
2. All of the bidder's quotes assume that no more than 60% of earnings will be payable from all sources, except UNUM Provident notes, in certain instances, particularly related to rehabilitative employment benefits or work incentive benefits, income from all sources could exceed 60% of earnings.
3. UNUM Provident reserves the right to revise rates due to changes in risk. Their quote is contingent as stated in the deviations section of this RFP.
4. Standard provided a 1 year rate guarantee rate of \$1.84.
5. Standard's Disability coverage is available on a stand alone basis.
6. DTQ - Declined to Quote

Appendix – Financial Strength Ratings

	AFLAC		Aetna		CIGNA		ING		Minnesota Life		Standard		UNUM Provident		Unimerica	
	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Date
Standard & Poors	AA	04/01/2004	A+	06/25/2006	A-	09/30/2004	AA	03/01/2006	AA-	07/22/2005	AA-	08/01/2006	BBB+	08/29/2005	A	03/21/2005
Duff and Phelps	AA	04/01/2005	AA-	06/25/2006	NR		AA	03/01/2006	AA (Fitch)	08/02/2006	AA-	2006	A-	02/28/2005	A (Fitch)	03/21/2005
A.M. Best	A+	06/01/2005	A	06/25/2006	A-	09/30/2004	A+	03/01/2006	A+	06/16/2005	A	2006	A-	06/01/2005	a	03/21/2005
Moody's	Aa2	01/01/2006	Aa3	06/25/2006	A3	09/30/2004	Aa3	03/01/2006	Aa2	07/01/2003	A1	2006	Baa1	04/15/2005	A2	03/21/2005

1) The Segal Company believes it is important to consider the financial strength of insurance companies and managed care organizations that are candidates for initial selection or renewal as insurers or service providers to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us on the date this document was prepared for the insurance companies or managed care organizations under consideration.

When available, we select Standard & Poor's (S&P) and A.M. Best because of their excellent overall reputation as rating services. In addition, they evaluate more insurance companies than most of the other comparable rating services. Several other rating services (e.g., Duff & Phelps and Moody's) also provide claims paying ability evaluations of insurance companies and managed care organizations. You may wish to consult these services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization.

The S&P and A.M. Best insurance company and managed care organization rating category explanations are attached. For example, S&P's ratings range from "Vulnerable" to "Secure". In particular, they regard "vulnerable" companies (i.e., ratings of BB+ and lower) to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected.

Finally, The Segal Company does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care organization evaluations performed by Standard & Poor's, A.M. Best, or any other rating service.

The Segal Company is not responsible for providing monitoring on an ongoing basis.

2) NR = Not Rated

Appendix – Rating Categories Explained

Standard & Poor's Rating Descriptions*

INVESTMENT GRADE OR SECURE

RATING	CATEGORY
AAA	Companies rated AAA have the highest rating assigned. Capacity to pay interest and repay principal is extremely strong.
AA	Companies rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated insurers only to a small degree.
A	Companies rated A have a strong capacity to pay interest and repay principal, although they are somewhat more susceptible to adverse changes in economic conditions than those in higher rated categories.
BBB	Companies rated BBB are regarded as having an adequate capacity to pay interest and repay principal, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal.

BELOW INVESTMENT GRADE OR VULNERABLE

RATING	CATEGORY
BB; B; CCC; CC	Companies rated BB, B, CCC and CC are regarded, on balance, as speculative with respect to their credit worthiness. While such companies may have some protective characteristics, uncertainties and major risk exposure or adverse conditions outweigh them.
R; NR	The rating R is reserved for companies who “have experienced a REGULATORY ACTION regarding solvency.” The rating NR indicates that the insurer’s financial solvency is not rated.

Plus (+) or Minus (-): The ratings from “AA” to “CCC” may be modified by the addition of a plus or minus sign to refine relative standing within each category.

* S&P uses a suffix ‘pi’ “based on an analysis of published financial information and additional information in the public domain. They do not reflect in-depth meetings with an insurer’s management and are therefore based on less comprehensive information than ratings without a ‘pi’ subscript”

Appendix – Rating Categories Explained

A.M. Best's Rating Descriptions*

INVESTMENT GRADE OR SECURE:

RATING	CATEGORY
A++ and A+	Superior - "very strong ability to meet their ongoing obligations to policyholders"
A and A-	Excellent - "strong ability to meet their ongoing obligations to policyholders"
B++ and B+	Very Good - "good ability to meet their ongoing obligations to policyholders"

BELOW INVESTMENT GRADE OR VULNERABLE

RATING	CATEGORY
B and B-	Fair - "ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C++ and C+	Marginal - "ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C and C-	Weak - "ability to meet their current obligations to policyholders, but their financial strength is very vulnerable to adverse changes in underwriting and economic conditions"
D	Poor - "ability to meet their current obligations to policyholders and their financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions"
E	Under Regulatory Supervision – "placed by an insurance regulatory authority under a significant form of control or restraint, such as conservatorship or rehabilitation, but does not include liquidation"
F	In Liquidation - "under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company"
S	Rating Suspended - "experienced sudden and significant events affecting their financial position or operating performance whose rating implications cannot be evaluated due to a lack of timely or adequate information"

*Ratings may be modified as follows: Under Review (u); Group (g); Pooling (p) or Reinsurance (r).